

**House Committee on Energy and Technology  
House Concurrent Resolution No. 9/House Resolution No. 45**

**Comments of ITC Holdings Corp.**

**Good morning Chairman Horn and members of the House Committee on Energy and Technology. Thank you for the opportunity to provide comments on HCR No. 9 and HR No. 45.**

**My name is Francie Brown and I'm the Director of State Governmental Affairs for ITC Holdings Corp. ITC is the largest independent transmission company in the U.S. We own, operate, construct and maintain high voltage electric transmission assets in Michigan, Iowa, Minnesota, Illinois, Missouri, Kansas and soon Oklahoma.**

**ITC supports the changes made to HCR No. 9 over the introduced version because it corrects inaccuracies and focuses the request to FERC to act on the rehearing requests submitted by parties concerning the MISO cost sharing proposal for regional transmission investments.**

**However, ITC has a couple of comments concerning language in the resolution which I will address here:**

- 1. The \$60 Billion figure for wind power in the second paragraph is a national amount based on a national RPS, not a MISO or Michigan-specific amount. This is not the amount MISO or Michigan are expected to help pay.**
- 2. In the 4<sup>th</sup> paragraph there is a statement that the 'tariff does not consider the unique situation of Michigan as a peninsular state'. Michigan isn't any different than any**

other state just because we are a peninsula. We are all interconnected and the proof of that is the Northeast Blackout of 2003. A blackout that by Department of Energy estimates cost \$10 billion and estimates by the North American Electric Reliability Corporation, or NERC, set the costs at between \$7-14 billion. In the NE blackout, the Michigan transmission system was inadequate to stop the blackout from spreading through our state, under Lake Huron, across Canada and into New York City. Whether it is for exporting our excess generation (which we do) or for importing energy, sharing a land border is not necessary to realizing transmission benefits, or in the case of the blackout, the detriments. The physical location of a transmission line doesn't determine the benefits of the line.

3. The term "unprecedented" in the 5<sup>th</sup> paragraph needs to be modified as there are multiple examples of regional "cost-sharing" methodologies for transmission facilities being used across the U.S. In fact MISO is probably the last region to develop a cost sharing proposal. PJM, to the south of Michigan, has a methodology based on lines that are 500 kV and above; SPP located in the southwest U.S. has a methodology for cost-sharing lines that are 345 kV and above; NY ISO has a methodology for costs greater than \$25 million and other factors; NE ISO has a methodology for 114kV and above and in excess of \$500M; California has a methodology for 200kV and above; and ERCOT (Texas) is 60kV and above. So as you can see the MISO formula is not "unprecedented".

ITC believes the revisions to HCR No. 9 and HR No. 45 are an improvement and better focus the request to FERC from the Michigan House of Representatives, and possibly the Senate, on MISO's cost-sharing proposal of December 16, 2010.

**ITC appreciates the time and consideration of the committee on this complicated issue. Thank you.**

**5-3-11**

# Existing Cost Allocation Policies

- ◆ Regions with broad cost allocation:
  - ✓ PJM 500kV and above
  - ✓ CAISO 200kV and above
  - ✓ NE ISO 115kV and above
  - ✓ SPP 300 kV and above (subject to rehearing)
  - ✓ ERCOT 60kV and above
- ◆ Regions without broad cost allocation:
  - ✓ NY ISO form of beneficiary pays
  - ✓ Non RTO regions do not allocate costs beyond traditions utility footprints

